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15 December 1981

MEMORANDUM FOR: Director of Central Intelligence

FROM: Chief, Interdepartmental Affairs Staff, OPP

SUBJECT: CCCT Meeting -- LANDSAT Issue [redacted] 25X1

1. Attached is the material provided by the IC Staff for your background and use at tomorrow's CCCT meeting. This material covers the LANDSAT issue -- you already have the High Technology material in a separate book. [redacted] 25X1

2. There are two aspects of the LANDSAT issue -- only the first is of real concern to CIA, as explained in the attached summary. What seems to be at stake here is obtaining sufficient federal funding to ensure a viable LANDSAT system. Our people have made the case, as evidenced by the supporting documentation, that LANDSAT is sufficiently important to the USG to warrant adequate funding. [redacted] 25X1

3. The ICS paper dated 12 November explains CIA's dependence upon the LANDSAT system for the analysis of various agricultural problems including Soviet harvest forecasts. This paper already has been given to some of the agencies (OMB, Commerce, Agriculture, and Interior), which will be represented at tomorrow's meeting. Other agencies (State, Defense, and AID) will see copies probably for the first time at the meeting. (Commerce will pass them out at the meeting.) [redacted] 25X1

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[redacted]

cc: DDCI
D/OPP

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Summary

1. The Landsat agenda item for the 16 December meeting of the Cabinet Council on Commerce and Trade will address two issues. The first issue was initially phrased by OMB as determining the best mechanism to expedite the transfer of the Landsat system to the private sector. In actuality, the key decision to be made here is to first determine the level of the Administration's fiscal commitment to the Landsat program. The second issue is to decide whether the Administration should consider simultaneous transfer to the private sector of both the civil weather and the land remote sensing (Landsat) systems. [redacted] 25X1

2. The CIA recommendation on both issues is for Option 2. This position essentially agrees with the federal agencies and differs from OMB, the NSC Staff, and the Council of Economic Advisers. [redacted] 25X1

3. Issue 1. With reference to the issue of determining how best to transfer Landsat to the private sector, one option provides for a minimum federal commitment level -- [redacted] 25X1
[redacted] -- that is slightly in excess of the current federal agency 25X1
purchases of Landsat data. The OMB and NSC Staff rationale for this approach is that this level more closely reflects the real market value of Landsat data. The chief argument against is that the minimum level poses the strong probability of not attracting sufficient private sector involvement to ensure continuation of the Landsat capability. The second option is for an enhanced federal commitment to perhaps [redacted] 25X1
[redacted] over a five to ten year period, with the objective of attracting 25X1
a major private sector investment of [redacted] over the next decade. 25X1
The federal agencies' support for this second option is based on the point that the purchase level criterion developed by OMB is a very poor index of the actual value of the Landsat derived data to US policymakers (Tab E provides cases in point of how policymakers have been served by such data derived by CIA). [redacted] 25X1

4. In the Decision Memorandum, OMB has also taken the position that Landsat data are not critical or essential because there are other reliable sources of data. The two key agency users, Agriculture and CIA, as well as Interior, take issue with this OMB judgment. The CIA agricultural estimating program does make extensive use of Landsat and classified reconnaissance system data. We have indicated in paragraphs 5 through 10 of Tab E (which will be made available to the Cabinet Council principals) that each imaging system has characteristics that provide unique information about agrotechnical practices and crop conditions. [redacted] 25X1

5. With reference to the first issue, we do not -- nor does any other federal agency -- oppose the transfer to the private sector. Such a transfer might create minor problems of maintaining confidentiality of our requirements, but such problems could be overcome. The concern is that the transfer be effected in a manner that will not lead to the demise of the Landsat program. The continuity of Landsat data collection provides the CIA with the timely, large area, multi-spectral data

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necessary for preparation of grain estimates of [redacted] 25X1
[redacted]-- assessments that have in the past provided early warning of 25X1
major events affecting world grain markets and US policy. Your 12 June 1981 letter to the D/OMB (Tab 6) has indicated the belief that continuation of the Landsat program is in the national interest because it clearly provides data of intelligence importance, and exemplifies US leadership in remote sensing technology. [redacted] 25X1

6. Issue 2. We believe that the Administration should not consider simultaneous private sector transfer of both civil weather and land remote sensing systems at this time. The reason for this position is that, as of now, there does not eppear to be a clear understanding and identification of the specific civil weather functions that are to be transferred, or the potential adverse impacts of such transfers. [redacted] 25X1

7. The civil weather program has extensive domestic and international ramifications which should be identified and thoroughly understood and evaluated to preclude creating disruptions in the present cost-free flow of foreign weather data. As the largest user of weather data on a worldwide basis for agricultural, transportation, and other economic, military and intelligence activities, the US would be particularly affected by any disruptions in the flow of data. Precipitous actions to transfer the civil weather systems to the private sector also pose the risk of creating situations that are not desirable from the viewpoint of longer-term national security considerations. We defer to the Department of Defense to provide more definitive comments on this particular point. [redacted] 25X1

8. The sequence of activities called for under Option 2 would provide a better basis for decision making and would also minimize the necessity for developing amendments to the OMB circular A-76 Statement of Work. In our judgment, adopting Option 2 does not necessarily rule out or delay a decision for simultaneous transfer of aspects of both civil weather and land remote sensing systems. It merely ensures that a national policy decision on any such transfer is made after consideration of all the consequent factors that would affect US interests. [redacted] 25X1

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